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ATOMIC ENERGY

**Cooperation For Civil Uses and
Nuclear Activities Safeguards**

8238891
5/12/80
**Agreement Between the
UNITED STATES OF AMERICA
and INDONESIA**

**Extending Certain Provisions
of the Agreement of June 8, 1960,
as Amended and Extended**

**Effectuated by Exchange of Notes
Signed at Jakarta September 16 and 19, 1980**



At. pow-L+L
At. pow-L+L

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

"... the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

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INDONESIA

Atomic Energy: Cooperation For Civil Uses and Nuclear Activities Safeguards

*Agreement extending certain provisions of the agreement of
June 8, 1960, as amended and extended.*

Effected by exchange of notes

Signed at Jakarta September 16 and 19, 1980;

Entered into force September 19, 1980.

*The American Ambassador to the Indonesian Minister of Foreign
Affairs ad interim*

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 888

Jakarta, September 16, 1980

Excellency:

I have the honor to refer to the Agreement for Cooperation between the Government of the United States of America and the Government of the Republic of Indonesia concerning civil uses of atomic energy, signed on June 8, 1960, as amended,^[1] which will expire on September 20, 1980.

It is the understanding of the Government of the United States of America that, with respect to any materials, equipment or devices which are subject to that Agreement for Cooperation of June 8, 1960, as amended, the Government of the Republic of Indonesia will continue to hold such materials, equipment and devices subject to all the provisions of

¹ TIAS 4557, 6124, 7001; 11 UST 2024; 17 UST 1652; 21 UST 2590.

paragraphs E, G, and H of Article IV and Articles VIII and IX of that Agreement, as amended, pending entry into force of the new Agreement for Cooperation concerning peaceful use of nuclear energy between our governments, signed at Washington on June 30, 1980,^[1] or until otherwise agreed between our governments. In addition, it is the understanding of my government that all source or special fissionable material in all peaceful nuclear activities within the territory of the Republic of Indonesia, under its jurisdiction, or carried out under its control anywhere, including all materials subject to the Agreement for Cooperation of June 8, 1960, as amended, are subject to the Agreement between the Government of the Republic of Indonesia and the International Atomic Energy Agency for the application of safeguards pursuant to the Treaty on the Non-Proliferation of Nuclear Weapons,^[2] signed at Vienna on July 14, 1980,^[3] and that safeguards are being applied in accordance with this Agreement. In this connection, the Government of the United States of America affirms that the application of safeguards in accordance with the provisions of the latter Agreement is deemed to satisfy

¹ Not yet in force.

² Done July 1, 1968. TIAS 6839; 21 UST 483.

³ IAEA doc. INFCIRC/283, Sept., 1980.

the requirement set forth in paragraph A of Article X of the Agreement for Cooperation of June 8, 1960, as amended, and it is understood that the Government of the Republic of Indonesia shares this view.

Finally, it is the understanding of my government that, in the event the Government of the Republic of Indonesia intends to exercise its discretion in accordance with Article 14 of the aforementioned Safeguards Agreement to use any nuclear material required to be safeguarded under that Agreement in a military activity not proscribed by the Treaty on the Non-Proliferation of Nuclear Weapons, the Government of the Republic of Indonesia will satisfy the International Atomic Energy Agency and the Government of the United States of America that such material is not subject to the guarantees made to the Government of the United States of America by the Government of the Republic of Indonesia that no materials, equipment or devices transferred to the Republic of Indonesia pursuant to the Agreement for Cooperation of June 8, 1960, as amended, and no special nuclear material produced through

the use of such materials, equipment or devices, are involved in such use.

I would appreciate receiving confirmation that the Government of the Republic of Indonesia share the foregoing understandings.

Accept, Excellency, the renewed assurances of my highest consideration.

Edward E. Masters

His Excellency

General Maraden Panggabean,

Minister of Foreign Affairs ad interim,
Jakarta.

*The Indonesian Minister for Foreign Affairs ad interim to the
American Ambassador*



MINISTER FOR FOREIGN AFFAIRS
OF THE REPUBLIC OF INDONESIA

Nomor : D - 1129 /80/01.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note No. 888 of September 16, 1980 which reads as follows :

" I have the honor to refer to the Agreement for Cooperation between the Government of the United States of America and the Government of the Republic of Indonesia concerning civil uses of atomic energy, signed on June 8, 1960, as amended, which will expire on September 20, 1980.

It is the understanding of the Government of the United States of America that, with respect to any materials, equipment or devices which are subject to that Agreement for Cooperation of June 8, 1960, as amended, the Government of the Republic of Indonesia will continue to hold such materials, equipment and devices subject to all the provisions of paragraphs E, G and H of Article IV and Articles VIII and IX of that Agreement, as amended, pending entry into force of the new Agreement for Cooperation concerning peaceful use of nuclear energy between our governments, signed at Washington on June 30, 1980, or until otherwise agreed between our governments. In addition, it is the understanding of my government that all source or special fissionable material in all peaceful nuclear activities within the territory of the Republic of Indonesia, under its jurisdiction, or carried out under its control anywhere, including all materials subject to the Agreement for Cooperation of June 8, 1960, as amended, are subject to the Agreement between the Government of the Republic of Indonesia and the International Atomic Energy Agency for the application of safeguards pursuant to the Treaty on the Non-Proliferation of Nuclear Weapons, signed at Vienna on July 14, 1980, and that safeguards are being applied in accordance with this Agreement. In this connection, the Government of the United States of America affirms that the application of safeguards in accordance with the provisions of the latter Agreement is deemed to satisfy the requirement set forth in paragraph A of Article X of the Agreement for Cooperation of June 8, 1960, as amended, and it is understood that the Government of the Republic of Indonesia shares this view.

Finally, it is the understanding of my government that, in the event the Government of the Republic of Indonesia intends to exercise its discretion in accordance with Article 14 of the aforementioned Safeguards Agreement to use any nuclear material required to be safeguarded under that Agreement in a military activity not proscribed by the Treaty on the Non-Proliferation of Nuclear Weapons, the Government of the Republic of Indonesia will satisfy the International Atomic Energy Agency and the Government of the United States of America that such material is not subject to the guarantees made to the Government of the United States of America by the Government of the Republic of Indonesia that no materials, equipment or devices transferred to the Republic of Indonesia pursuant to the Agreement for Co-operation of June 8, 1960, as amended, and no special nuclear material produced through the use of such materials, equipment or devices, are involved in such use.

I would appreciate receiving confirmation that the Government of the Republic of Indonesia share the foregoing understandings.

Accept, Excellency, the renewed assurances of my highest consideration."

I have further the honour to confirm that the Government of the Republic of Indonesia shares the foregoing understandings.

Accept, Excellency, the assurances of my highest consideration.

Jakarta, September 19 , 1980.

Minister for Foreign Affairs
ad interim of the Republic of
Indonesia



ADN PANGGABEAN

His Excellency
Ambassador Extraordinary and
Plenipotentiary of the United
States of America,
Jakarta.

TIAS 10053

JAN 18 1982

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TREATIES AND OTHER INTERNATIONAL ACTS SERIES 10059

2228

AVIATION

Air Transport Services

221

Agreement Between the
UNITED STATES OF AMERICA
and the UNITED KINGDOM OF
GREAT BRITAIN and NORTHERN IRELAND

Amending the Agreement of
July 23, 1977, as Amended

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Effectuated by Exchange of Notes
Signed at Washington December 4, 1980

with

Related Letters

\$2.75
9/3/68-1



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

"... the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

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Washington, D.C. 20402. Subscription Price: \$145 per year; \$181.25 for
foreign mailing. Single copies vary in price. This issue \$2.75.*

**UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND**

Aviation: Air Transport Services

Agreement amending the agreement of July 23, 1977, as amended.

Effectuated by exchange of notes

Signed at Washington December 4, 1980;

Entered into force December 4, 1980;

Effective April 1, 1980, except annex 5 which became effective January 1, 1980.

With related letters.

The Secretary of State to the British Ambassador

Excellency:

I have the honor to refer to negotiations which have taken place in London and Washington pursuant to the Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Air Services, signed at Bermuda on 23 July 1977, as amended by the Exchanges of Notes of 25 April 1978 and 27 December 1979^[1] (hereinafter referred to as the "Agreement").

As a result of these negotiations and in accordance with Article 18 of the Agreement, I have the honor to propose that:

- (1) If the Government of the United Kingdom designates a second airline for the gateway route segment London-Miami as set forth in UK Route 1 in Section 3 of Annex 1 to the Agreement, the Government of the United States shall, pursuant to paragraph (5) of Article 3 of the Agreement, accept such further designation. Subject to compliance

His Excellency

Sir Nicholas Henderson,
British Ambassador.

¹ TIAS 8641, 8965, 9722; 26 UST 5367; 29 UST 2680; 32 UST. [Footnote added by the Department of State.]

with the remaining provisions of the Agreement, the second designated airline may commence services on or after 14 April 1980. The Government of the United States shall use its best efforts to grant necessary authorizations and technical permissions in the shortest possible time, and the periods set forth in Article 12 (Tariffs) of the Agreement and Annex 2 (Capacity on the North Atlantic) to the Agreement shall be reduced to the extent necessary to permit airline planning, marketing and start of services on the permitted date.

- (2) If the Government of the United States designates a second airline for the gateway route segment Boston-London or a second airline for the gateway route segment Miami-London as set forth in US Route 1 in Section 1 of Annex 1 to the Agreement, the Government of the United Kingdom shall, pursuant to paragraph (5) of Article 3 of the Agreement, accept such further designation or designations. Subject to compliance with the remaining provisions of the Agreement, the second designated airline may commence services on Boston-London on or after 14 April 1980 and on Miami-London on or after 15 January 1981.

The Government of the United Kingdom shall use its best efforts to grant operating authorizations and technical permissions in the shortest possible time, and the periods set forth in Article 12 (Tariffs) of the Agreement and Annex 2 (Capacity on the North Atlantic) to the Agreement shall be reduced to the extent necessary to permit airline planning, marketing and start of services on the permitted date.

- (3) US Route 1 in Section 1 of Annex 1 to the Agreement shall be amended to read in its entirety as shown in Enclosure 1 to this Note.
- (4) UK Route 1 in Section 3 of Annex 1 to the Agreement shall be amended to read in its entirety as shown in Enclosure 2 to this Note.
- (5) A Section 6 shall be added to Annex 1 to the Agreement as set out in Enclosure 3 to this Note.
- (6) A Section 7 shall be added to Annex 1 to this Agreement as set out in Enclosure 4 to this Note.
- (7) An Annex 5 shall be added to the Agreement as set out in Enclosure 5 to this Note.

If the foregoing proposals are acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland, I have the honor to propose that the

present Note and its enclosures, together with your reply in that sense, shall constitute an Agreement between our two Governments which shall be considered to have entered into force on 1 April 1980, except that Annex 5 shall be considered to have entered into force on 1 January 1980.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

E. Johnston ^[1]

¹ E. Johnston. [Footnote added by the Department of State.]

Enclosure 1

Section 1: Scheduled Combination Air Service Routes for the United States
US Route 1: Atlantic Combination Air Service

(A) US Gateway Points	(B) Intermediate Points	(C) Points in UK Territory	(D) Points Beyond 6/7/
Anchorage Atlanta Boston 1/ Chicago Dallas/Ft. Worth Denver 2/ 3/ Detroit Houston 4/ Los Angeles Miami 1/ Minneapolis/St. Paul 5/ New York Philadelphia San Francisco Seattle Washington/Baltimore Points to be selected under Section 6 of this Annex 3/		London Prestwick/Glasgow	Berlin Frankfurt Hamburg Munich Oslo 8/

- 1/ Footnote 3 shall apply to operations of any airline designated pursuant to paragraph (5) of Article 3.
- 2/ May not be served nonstop until 14 April 1980.
- 3/ Flights from these points may not enjoy local traffic rights between points in Column (C) and points in Column (D) except that they may enjoy such traffic rights at Oslo when served through Prestwick/Glasgow.
- 4/ May not be served nonstop until 1 July 1980.
- 5/ May not be served nonstop until 1 June 1980.
- 6/ In addition, Austria and Belgium may be served until 23 July 1980; and these points shall be considered as appearing in Column (D) for the specified periods.
- 7/ Only one US airline may be designated to serve each point in Column (D) on this route, including those in Footnote 6, except for Frankfurt for which two airlines may be designated on US Routes 1 and 2 taken together.
- 8/ Limited after 23 July 1982 to services through Prestwick/Glasgow; only one US airline may serve Oslo through Prestwick/Glasgow at any time.

Section 3: Scheduled Combination Air Service Routes for the United Kingdom
UK Route 1: Atlantic Combination Air Service

(A) <u>UK Gateway Points</u>	(B) <u>Intermediate Points</u>	(C) <u>Points in US Territory</u>	(D) <u>Points Beyond</u>
London Manchester Prestwick/Glasgow Belfast 1/		Atlanta 2/ Boston Chicago Dallas/Ft. Worth 3/ Detroit Houston Los Angeles Miami New Orleans 4/ New York Philadelphia St. Louis 5/ San Francisco Seattle Washington/Baltimore	Points to be selected under Section 6 of this Annex.

1/ May be served nonstop if selected under Section 6 of this Annex.
 2/ Service may begin on or after 1 June 1980.
 3/ Service may begin on or after 23 July 1980.
 4/ Service may begin on or after 1 April 1981.
 5/ Service may begin on or after 14 April 1980.

SECTION 6NOTES ON NEW GATEWAY POINTS

1. In accordance with the provisions of this Section, a Contracting Party may select new gateway points from among the following:

- (a) Cleveland, Denver, Ft. Lauderdale, Honolulu, Kansas City, Las Vegas, Minneapolis/St. Paul ¹/, New Orleans, Orlando, Phoenix, Pittsburgh, Portland, St. Louis, San Diego and Tampa.
- (b) Any other point in United States territory whose international airport is located more than 100 direct air miles from the international airport of a point already served or selected for service under this Agreement.
- (c) Any other point in United States territory whose international airport is located less than 100 direct air miles from the international airport of a point already served or selected for service under this Agreement, provided that the other Contracting Party does not object to its selection. In deciding whether to object, the other Contracting Party shall have regard to whether the proposed point is

¹ May not be served by a UK airline for 3 years after the start of service on 1 June 1980 or such later date as all necessary authorizations and technical permissions have been granted by the United Kingdom (provided that reasonable efforts have been made to obtain them).

generally considered to be a separate metropolitan area from the proximate gateway point.

- (d) Notwithstanding subparagraph (c) above, Newark and Baltimore. Services at these points may be held out, promoted and sold as services at New York and Washington, respectively, as well as Newark and Baltimore. Such selections and services shall not derogate from the rights of airlines designated for services at New York and Washington/Baltimore on North Atlantic routes to use any or all New York or Washington/Baltimore area airports and hold out, promote and sell their flights as Newark and Baltimore services as well as New York and Washington services without regard to the airport used. The traffic carried on gateway route segments to/from New York and to/from Washington/Baltimore by airlines designated for these gateway route segments (including their services, if any, to and from Newark and Baltimore airports) shall, for the purposes of Article 3(2)(b)(i) of this Agreement, be counted separately from traffic carried on gateway route segments to/from Newark and to/from Baltimore, respectively, by airlines designated for Newark or Baltimore gateway route segments subsequent to gateway selection pursuant to this Section.

(e) Belfast, solely by the United Kingdom.

2. (a) At the time of selecting a new gateway point in accordance with the provisions of this Section, a Contracting Party may notify the other Contracting Party that it wishes the services of its designated airline at that gateway to receive market development protection for a period not to exceed three years from the date on which the service is permitted in accordance with paragraphs 2 to 6 of this Section or such later date as all necessary authorizations and technical permissions have been granted by the other Contracting Party (provided that reasonable efforts have been made to obtain them). During a period of invoked market development protection, no nonstop North Atlantic service under this Agreement may be commenced at that gateway point by an airline of the other Contracting Party, unless the designated airline of the Contracting Party invoking such protection operates fewer than 100 non-stop round trip combination flights within the first twelve-month period after the start of the market development period, or fewer than 150 such flights within any subsequent twelve-month period.

(b) Such market development protection shall be accorded to the United Kingdom designated

airline or airlines serving St. Louis and New Orleans and shall commence on 14 April 1980 and 1 April 1981, respectively, or on such later dates as all necessary authorizations and technical permissions have been granted by the United States (provided that reasonable efforts have been made to obtain them). It may be invoked by the United States for its designated airline serving Denver, and if so shall commence on 14 April 1980, or on such later date as all necessary authorizations and technical permissions have been granted by the United Kingdom (provided that reasonable efforts have been made to obtain them), and provided that the United States gives notification to the United Kingdom of its wish to invoke such protection at the time of or before signature of the Exchange of Notes incorporating this Section into this Agreement.

3. A gateway point shall be selected by written notification to the other Contracting Party through diplomatic channels and such notification shall take place in accordance with the following timetable regarding sequence, timing and, subject to the provisions of paragraph 2 above, commencement of services at the gateway point. For services permitted to start as set out in column (A), the Contracting Parties shall select new gateway points in the sequence set out in column (B) and shall observe the

latest dates for delivery of notification set out in column (C).

(A)	(B)	(C)
Date of Permitted Start of Services	Sequence of Selection	Latest Date for Delivery of Notification of Selection
1 April 1981	(1st) US - Point A (2nd) UK - Point A	30 November 1980 31 December 1980
1 April 1982	(1st) UK - Point B (2nd) US - Point B	31 October 1981 30 November 1981
1 April 1983	(1st) US - Point C (2nd) UK - Point C	31 October 1982 30 November 1982
1 April 1984	(1st) UK - Point D (2nd) US - Point D	31 October 1983 30 November 1983
1 April 1985	(1st) US - Point E (2nd) UK - Point E	31 October 1984 30 November 1984

A point selected by the United Kingdom in accordance with the provisions of this Section shall be regarded as appearing in column (C) of UK Route 1 (or column (A) in the case of Belfast) from the date of permitted start of services. A point selected by the United States in accordance with the provisions of this Section shall be regarded as appearing in column (A) of US Route 1 from the date of permitted start of services. Each point thus selected shall be one of the "Points to be selected under Section 6 of this Annex" referred to in those routes.

4. Either Contracting Party may advance its selection of Point E so that service at that point may start on 1 April 1981 or the same date in any subsequent year. The latest date for notification of advance selection of Point E by a Contracting Party having first right of selection

for service to begin in a given year shall be 2 January of the year of permitted start of service (or 1 February in 1981); the latest date of such notification by a Contracting Party having second right of selection in a given year shall be 1 February of the year of permitted start of service (or 1 March in 1981). Any advance selection of Point E by a Contracting Party having second right of selection in a given year shall be made only after the Contracting Party having first right of selection has made its second selection in that year, or the latest date for notification of such second selection has passed, or the Contracting Party having first right of selection has signified an intention not to make a second selection in that year.

5. A Contracting Party shall to the extent feasible provide to the other Contracting Party advance notice of its intention to select a gateway point or of its decision not to exercise such right. Such notice shall not be binding upon the sending Contracting Party, but receipt of a notice of decision not to select shall permit the receiving Contracting Party to proceed forthwith to make its next available selection pursuant to paragraphs 4, 6, or 7 of this Section.

6. A Contracting Party not selecting a gateway point in accordance with the timetable set forth above may nevertheless select such gateway point at any subsequent time except during any four-month period prior to the latest date for notification, under paragraph 3 above, for the other Contracting Party. Services may start at such

gateway point on the date which would have applied if the selection had been made on time, or three months after the actual selection (whichever is later).

7. Either Contracting Party may change a previous selection of a gateway point during any period when it is entitled to make a selection pursuant to paragraphs 3, 4, or 6 of this Section or at any time after 1 December 1984 (and in the same manner as for a selection). In such an event, services from the new point shall be permitted to start on the first date of the traffic season immediately after the notification of the change or three months after the date of such notification (whichever is later). Services from the point renounced shall cease no later than the permitted start of services at the new point. Market development protection may not be invoked or continued at either the new point or the point renounced.
8. In their selection of gateway points as set out above, the Contracting Parties shall have regard to the availability and quality of service from nearby gateways and the need to develop an attractive pattern of frequent service at gateways which are in the early years of operation.
9. Both Contracting Parties shall use their best efforts to grant necessary authorizations and technical permissions in the shortest possible time, and the periods set forth in Article 12 (Tariffs) and Annex 2 (Capacity on the North Atlantic) shall be reduced to the extent necessary to permit airline planning, marketing and start of services on the permitted date.

SECTION 7LONDON AIRPORTS

1. Any London airport (including Heathrow) may be served by British Airways, Pan American World Airways, and Trans World Airlines (or the corporate successor airline in any name change, merger, acquisition or consolidation in which any of the above three airlines is the major airline element) on US Routes 1 and 2 and UK Routes 1, 2, 3, 4, and 5 if the first point of arrival in United States territory or the last point of departure from United States territory is one of the following gateways, served as a traffic point: Anchorage, Boston, Chicago, Detroit, Los Angeles, Miami, Minneapolis/St. Paul (US designee only), New York, Philadelphia, San Francisco, Seattle, or Washington/Baltimore.
2. Notwithstanding the provisions of paragraph 1, any airline designated by either Contracting Party pursuant to paragraph (5) of Article 3 and serving the gateway route segments Boston-London or Miami-London may use any London airport except Heathrow.
3. All other services on US Routes 1 and 2 and UK Routes 1, 2, 3, 4, and 5 may use any London airport except Heathrow.

ANNEX 5 - North Atlantic Air Cargo OperationsPART I Scope and Applicability

(1) The Contracting Parties adopt the following provisions concerning international traffic in cargo (excluding mail) transported by designated airlines and charter-designated airlines (and, in regard to pricing, by airlines of other countries) in scheduled combination air service, scheduled all-cargo air service, and charter air service over the North Atlantic between:

(a) on the one hand, any point or points in the United States of America (hereinafter referred to as "the United States") and

(b) on the other hand, any point or points in the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the United Kingdom").

PART II Transitional Period

(2) From 1 January 1980 to 31 December 1982 the Contracting Parties shall apply the following provisions to North Atlantic cargo charter traffic as defined in Part I of this Annex:

(a) Charterworthiness: Each Contracting Party shall permit the following categories of cargo charters:

(i) Sole use/single entity cargo flights

The sole purpose of each flight shall be the carriage of cargo consigned by a single person (other than a forwarder, consolidator, or shippers' association)

who has contracted for the exclusive use of the carrying capacity of the aircraft.

(ii) Specialist cargo flights The sole purpose of each flight shall be the carriage (separately or together) of livestock, bloodstock, or out-of-gauge (outsized) cargo.

(iii) Other cargo flights The carrying capacity of the aircraft on each flight shall be purchased exclusively for cargo carriage by one or more persons, including shippers, forwarders, consolidators, or shippers' associations. Either Contracting Party may require that individual consignments carried (within which there may be consolidation of cargo) shall exceed either 1,000 kilograms in weight or 7 cubic meters in volume.

(b) Tonne Limitations on Charters Each Contracting Party may limit carriage by each charter-designated airline under category (iii) of sub-paragraph (a) of this paragraph to no more than 1,500 tonnes in each direction in 1980, 2,000 tonnes in each direction in 1981, and 3,000 tonnes in each direction in 1982. Not more than 400 tonnes in 1980, 600 tonnes in 1981, and 900 tonnes in 1982 of the above airline cargo allowance may be carried in each direction between any point in Column (A) and any point in Column (C) as shown in UK Routes 10, 11 and 12

(except for the gateway route segment London-New York where no weight limitations by gateway shall apply). There shall be no weight limitation on flights in category (i) or category (ii) of sub-paragraph (a) of this paragraph.

PART III Liberalized Cargo Air Services

(3) From 1 January 1983, the Contracting Parties shall cease to apply the limitations set out in Part II of this Annex, and thereafter shall apply the following provisions to international traffic in cargo as defined in Part I of this Annex:

(a) Scheduled All-Cargo Designations Notwithstanding paragraph (3) of Article 3, the United States may by reference to this sub-paragraph designate for U.S. Route 7, and the United Kingdom may by reference to this sub-paragraph designate for UK Routes 10, 11, and 12, any number of airlines to operate scheduled all-cargo air services. The procedures and requirements in paragraphs (1), (6), and (7) of Article 3 shall apply.

(b) Scheduled All-Cargo Routes All airlines designated by either Contracting Party for scheduled all-cargo air services may operate such services between any point or points in the United States and any point or points in the United Kingdom. Consequently, for the purposes of the application of this Part, "United States" shall be considered as appearing in Column (A) of US Route 7 and Column (C) of UK Routes 10, 11, and 12, and "United Kingdom" shall be

considered as appearing in Column (C) of US Route 7 and Column (A) of UK Routes 10, 11, and 12.

(c) Scheduled All-Cargo Traffic Rights Airlines

designated with reference to sub-paragraph (a) above may claim the rights and shall be subject to the obligations set out in Section 5 of Annex 1. However, only airlines now or hereafter designated under paragraph (3) of Article 3 (without reference to sub-paragraph (a) above) may pick up and discharge traffic (in addition to transit and on-line connecting traffic) at points in Column (C) for transport between points in Column (B) and points in Column (C) and between points in Column (C) and points in Column (D) in the Route Schedules set out in Annex 1.

(d) Cargo Charter Operations International charter traffic in cargo shall continue to be governed by the pertinent provisions of Article 14 of this Agreement, except as those provisions are modified or suspended by this Annex.

PART IV General Provisions for Both Periods

(4) From 1 January 1980 the Contracting Parties shall apply the following general provisions to international traffic in cargo as defined in Part I of this Annex.

(5) Surface Transportation Notwithstanding any other provision of this Agreement, the airlines and indirect providers of cargo air transportation of each Contracting Party shall be permitted by the other Contracting Party and its aeronautical authorities, to the extent the matter is within their jurisdiction, to employ in connection with the carriage of cargo by international air transportation any surface transport in the territories

of the Contracting Parties or to or from third countries, provided that shippers are not misled as to the facts concerning such transportation. Such joint services may be offered at a single price filing (made under paragraph (8) of this Annex) provided that all applicable laws governing surface transportation are complied with.

(6) Authorizations The aeronautical authorities of each Contracting Party shall issue, subject to paragraph (6) of Article 3, sub-paragraphs (b) and (c) of paragraph (4) of Article 14 of this Agreement, and paragraph (3) of this Annex upon timely and proper request by designated and charter-designated airlines of the other Contracting Party, all necessary licences, permits, and authorizations, expeditiously and with a minimum of administrative complexity.

(7) Fair Competition The Contracting Parties suspend the operation of paragraphs (2), (3) (United States-United Kingdom gateway route segments only), (4), and (5) of Article 11 of this Agreement in regard to scheduled all-cargo air service.

(8) Pricing Subject to sub-paragraph (e) of this paragraph the Contracting Parties suspend the operation of paragraphs (4), (5), (6) and (7) of Article 12 of this Agreement and Article 13 of this Agreement in regard to the pricing of cargo carriage on scheduled combination and all-cargo air services, and paragraph (8) of Article 14 of this Agreement in regard to the pricing of cargo carriage on charter air services, and shall instead apply the following provisions to tariffs, prices, and rates charged for the carriage of cargo by designated and charter-designated airlines:

(a) Each Contracting Party may require notification of or filing with its aeronautical authorities of tariffs, prices, and rates charged, but such notification or filing may not be required before the proposed effective date.

(b) Subject to the provisions of sub-paragraph (a) of this paragraph, neither Contracting Party shall take unilateral action to prevent the initiation, continuation, or termination of a tariff, price, or rate charged by an airline designated by either Contracting Party. If either Contracting Party considers that a tariff, price, or rate proposed or in effect is predatory as regards other airlines, discriminatory as between shippers in similar circumstances, or unduly high or restrictive in such a way as to constitute abuse of a dominant market position, it may notify the other Contracting Party of the reasons for its dissatisfaction and request consultations. If so requested, such consultations shall commence not later than 30 days after the receipt of the request. If agreement is reached through such consultations on an appropriate tariff, price, or rate, each Contracting Party shall use its best efforts to put such agreement into effect.

In the absence of agreement the tariff, price, or rate originally proposed or charged shall come into effect or continue in effect.

(c) In regard to tariffs, prices, or rates proposed or charged by airlines of third countries in the market defined in Part I of this Annex, the Contracting Parties shall seek to promote and fully maintain competition for cargo transport and shall consult before taking any action to disallow a tariff, price, or rate proposed or charged by an airline of a third country.

(d) Neither Contracting Party shall regulate the tariffs, prices, or rates proposed or charged by indirect providers of cargo air transportation for international traffic in cargo originating in the country of the other Contracting Party.

(e) Until 1 January 1983, where dissatisfaction has been notified pursuant to sub-paragraph (b) of this paragraph on the grounds that a tariff, price, or rate is unduly high or restrictive in such a way as to constitute abuse of a dominant market position created by restrictions on entry to the market, and more competitive tariffs, prices, or rates are not available, the Contracting Party expressing dissatisfaction may prevent the use of such tariff, price, or rate pending consultations and in the absence of agreement through consultations,

take the unilateral action permitted under paragraph (7) of Article 12 of this Agreement for scheduled cargo or under paragraph (8) of Article 14 of this Agreement for charter cargo.

(9) Combination Charters

(a) Until 1 January 1985 or such earlier date as may be agreed, no passengers shall be carried for compensation on any cargo charter flights other than ancillary attendants responsible for care and protection of cargo, and no cargo shall be carried for compensation on any passenger charter flight, except as provided in sub-paragraph (10) (a) or in paragraph (11) of this Annex.

(b) From 1 January 1985 or such earlier date as may be agreed, passengers may be carried in combination with cargo on charter flights operated by charter-designated airlines provided that such passengers are carried in accordance with any agreement between the Contracting Parties regulating the carriage of charter passengers including any requirements imposed by either Party in accordance with paragraph (6) of Annex 4 and Article 14 of this Agreement, other than requirements which discriminate against combination charters. Cargo may be carried both above and below the main floor of the aircraft.

(10) Boston Operations

(a) From 1 January 1980 cargo may be carried below the main floor of aircraft on passenger charter flights serving or transiting Boston to or from any point or points in the United Kingdom. Until 31 December 1981 such cargo shall be included in the calculation of the weight limits set out in paragraph (2) of Part II of this Annex, except that for both 1980 and 1981, the limits per gateway per airline shall be 600 tonnes per year in each direction between Boston and London, Boston and Manchester, and Boston and Prestwick/Glasgow on combination charter and cargo charter flights.

(b) Notwithstanding paragraph (3) of Article 3 of this Agreement, the United States may by reference to this sub-paragraph designate any number of airlines over US Route 7, and the United Kingdom may by reference to this sub-paragraph designate any number of airlines over UK Route 10, for scheduled all-cargo air services to and from Boston beginning on or after 1 January 1982.

(c) From 1 January 1982 until 31 December 1982 "United Kingdom" shall be considered as appearing in Column (C) of US Route 7, and in Column (A) of UK Route 10, solely for scheduled all-cargo air services to, from and through Boston.

(d) An airline designated with reference to sub-paragraph (b) of this paragraph shall not be entitled to pick up and discharge traffic (other than transit and on-line connecting traffic) at points in Column (C) for transport between points in Column (B) and points in Column (C) and between points in Column (C) and points in Column (D) on the routes specified in sub-paragraph (c) of this paragraph, but may claim the rights and shall be subject to the obligations set out in Section 5 of Annex 1.

(11) Charter Waivers In each of the five years 1980-1984, each Contracting Party may in respect of one-way cargo charter flights in either direction grant waivers to its charter-designated airlines from the limitations set out in this Annex to the extent of the greater of 15 one-way flights or 3 percent of the number of one-way cargo charter flights operated during the immediately preceding year between the United Kingdom and the United States. The other Contracting Party shall accept as charterworthy traffic carried pursuant to such waivers duly notified to it. This provision may be used to permit, inter alia, combination charter flights.

PART V Modification or Termination

(12) Upon the request of either Contracting Party consultations shall be held within 30 days from the date of receipt of the request to review the operation of the provisions of this Annex and to decide as to its revision or modification.

Parts I through IV of this Annex shall terminate one year from the date of the receipt of the request for consultations unless within that period the Contracting Parties have agreed to make no revision or modification or have agreed on the question of revision or modification and have put such revision or modification into effect. Should Parts I through IV of this Annex terminate all other provisions of this Agreement governing scheduled cargo services and cargo charter services which have been suspended by the operation of this Annex shall return into effect as they had effect on 31 March 1979, but for the purposes of paragraph (2) (c) of Annex 4 to this Agreement the weight limits shall be 250 tonnes and 62.5 tonnes respectively for a 90-day period after termination. Within this further 90-day period the Contracting Parties shall commence negotiations concerning cargo charters with the objective of concluding a liberal and comprehensive agreement for cargo charters prior to the end of the 90-day period. If agreement has not been reached by the end of the 90-day period the revived provisions of Annex 4 to this Agreement governing cargo charter services shall terminate. Each Contracting Party shall thereupon be entitled, for the purposes of Article 14 of this Agreement, to impose on cargo charter traffic covered by paragraph (3) of Article 14 such charterworthiness conditions and such conditions in regard to prices and rates as it considers necessary.

The British Ambassador to the Secretary of State

British Embassy
Washington DC 20008

4 December 1980

Sir,

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:

"Excellency,

I have the honor to refer to negotiations which have taken place in London and Washington pursuant to the Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Air Services, signed at Bermuda on 23 July 1977, as amended by the Exchanges of Notes of 25 April 1978 and 27 December 1979 (hereinafter referred to as the "Agreement").

As a result of these negotiations and in accordance with Article 18 of the Agreement, I have the honor to propose that:

- (1) If the Government of the United Kingdom designates a second airline for the gateway route segment London-Miami as set forth in UK Route 1 in Section 3 of Annex 1 to the Agreement, the Government of the United States shall, pursuant to paragraph (5) of Article 3 of the Agreement, accept such further designation. Subject to compliance with the remaining provisions of the Agreement, the second designated airline may commence services on or after 14 April 1980. The Government of the United States shall use its best efforts to grant necessary authorizations and technical permissions in the shortest possible time, and the periods set forth in Article 12 (Tariffs) of the Agreement and Annex 2 (Capacity on the North Atlantic) to the Agreement shall be reduced to the extent necessary to permit airline planning, marketing and start of services on the permitted date.

The Honorable

Edmund S Muskie

Secretary of State of the United States of America
Washington DC

TIAS 10059



- (2) If the Government of the United States designates a second airline for the gateway route segment Boston-London or a second airline for the gateway route segment Miami-London as set forth in US Route 1 in Section 1 of Annex 1 to the Agreement, the Government of the United Kingdom shall, pursuant to paragraph (5) of Article 3 of the Agreement, accept such further designation or designations. Subject to compliance with the remaining provisions of the Agreement, the second designated airline may commence services on Boston-London on or after 14 April 1980 and on Miami-London on or after 15 January 1981. The Government of the United Kingdom shall use its best efforts to grant operating authorizations and technical permissions in the shortest possible time, and the periods set forth in Article 12 (Tariffs) of the Agreement and Annex 2 (Capacity on the North Atlantic) to the Agreement shall be reduced to the extent necessary to permit airline planning, marketing and start of services on the permitted date.
- (3) US Route 1 in Section 1 of Annex 1 to the Agreement shall be amended to read in its entirety as shown in Enclosure 1 to this Note.
- (4) UK Route 1 in Section 3 of Annex 1 to the Agreement shall be amended to read in its entirety as shown in Enclosure 2 to this Note.
- (5) A Section 6 shall be added to Annex 1 to the Agreement as set out in Enclosure 3 to this Note.
- (6) A Section 7 shall be added to Annex 1 to the Agreement as set out in Enclosure 4 to this Note.
- (7) An Annex 5 shall be added to the Agreement as set out in Enclosure 5 to this Note.



If the foregoing proposals are acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland, I have the honor to propose that the present Note and its enclosures, together with your reply in that sense, shall constitute an Agreement between our two Governments which shall be considered to have entered into force on 1 April 1980, except that Annex 5 shall be considered to have entered into force on 1 January 1980.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

Ernest B. Johnston"

In reply, I have the honour to confirm that the proposals set forth in your Note are acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland. My Government further agrees that your Note and its enclosures, together with this reply, shall constitute an Agreement between our two Governments which shall be considered to have entered into force on 1 April 1980, except that Annex 5 shall be considered to have entered into force on 1 January 1980.

I avail myself of the opportunity to renew to you, Sir, the assurances of my highest consideration.

Nicholas Henderson

Nicholas Henderson

[RELATED LETTERS]



DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

Mr B Boyd Hight
Deputy Assistant Secretary for
Transportation and Telecommunications
Department of State
Washington D.C.

4 December 1980

Dear Mr Hight

USE OF AIRPORTS IN THE UK

In the course of our negotiations concerning cargo operations from 1 January 1980, I amplified the UK regulations, referred to in Mr Shovelton's letter to Mr Atwood dated 25 April 1978, which impose certain restrictions on the use of airports in the UK as follows:

- (a) Airlines not currently operating at Heathrow Airport will not be allowed to commence operations there.
- (b) Heathrow Airport will not be available for passenger charter flights on which cargo is carried nor for cargo flights on which charter passengers are carried.
- (c) Passenger charter flights on which cargo is carried and cargo flights on which charter passengers are carried will be subject to the same restrictions as other planeload charters as regards the use of Abbotsinch (Glasgow) and Turnhouse (Edinburgh) airports.

2 It is intended that these regulations will be applied in such a manner so as not to discriminate against US airlines in competition with UK or foreign airlines of similar designation status and historical operating pattern.

Yours sincerely

C W ROBERTS

TIAS 10059



DEPARTMENT OF STATE
Washington, D.C. 20520

December 4, 1980

Dear Mr. Roberts:

I have your letter of today's date on the subject of use of airports in the U.K. which amplified the U.K. regulations which impose certain restrictions on the use of airports in the United Kingdom.

I confirm that these statements are understood by my Government.

I welcome your assurances that there is no intention that these regulations will be applied in any manner which would discriminate against US airlines in competition with UK or foreign airlines of similar designation status and historical operating pattern.

Sincerely,

B. Boyd Hight
Deputy Assistant Secretary for
Transportation and Telecommunications

Mr. C.W. Roberts, Esq.
Under Secretary,
Civil Aviation International
Relations Division,
Department of Trade,
London.



DEPARTMENT OF STATE

Washington, D.C. 20520

December 4, 1980

Dear Mr. Roberts:

In connection with negotiations between our two governments on deregulation of air cargo services in the US-UK market, you raised questions concerning the applicability of U.S. antitrust laws to possible joint operations among U.K. all-cargo airlines. This letter, which I have reviewed with the Civil Aeronautics Board and the Departments of Justice and Transportation, attempts to respond to your concerns and to provide those assurances which are possible under the circumstances.

As I understand it, your government is concerned that U.S. antitrust laws might inhibit U.K. all-cargo airlines from engaging in some joint or cooperative arrangements that may be essential for them to be viable competitors in a deregulated environment. You have stated that the U.K. all-cargo airlines are presently very small companies, lacking large, modern aircraft and a strong financial base. They also lack extensive experience in the US-UK market, due in part to past regulatory policies. It appears that a number of U.S. airlines interested in the US-UK cargo market are larger carriers and may be growing rapidly in the coming few years. They may also have greater experience and established positions with shippers and forwarders. Your government is, accordingly, hopeful that the U.K. carriers might have a wide degree of freedom to consider joint or cooperative commercial arrangements for the US-UK market, at least for a start-up period. The purpose of those arrangements would be to ensure that the smaller, less experienced U.K. airlines could operate as effective competitors in the less regulated environment on which we have agreed.

C.W. Roberts,
Under Secretary,
Civil Aviation International
Relations Division,
Department of Trade,
London.

The United States appreciates your interest in having U.K. carriers participate actively in the US-UK cargo market. Indeed, we share that interest to a large degree, for efficient airlines regardless of flag will contribute to an active, competitive market with resulting benefits for U.S. shippers and importers. Also, we recognize that the U.K.'s continued support for a deregulated environment will be better assured if your airlines have satisfactory operating results in that environment. For these reasons, the United States would -- as a general matter of policy -- be sympathetic to efforts by U.K. airlines to be effective and successful competitors. We would in turn be concerned if it were thought that U.S. law was preventing U.K. airlines from filling that role.

The question, then, is whether the U.S. antitrust laws would prevent U.K. airlines from engaging in joint or cooperative activities which were necessary for those airlines to fulfill this shared desire that they be active and effective competitors. (Of course, in many circumstances an airline -- even a very small one -- will be a more effective competitor if it operates wholly independently. For purposes of this discussion, however, we are assuming that the airline managements have reached a different conclusion.) We believe that there is both sufficient flexibility and rationality in U.S. law that this would not be the case. Further, the United States Government would be prepared to cooperate with your government to minimize any such risk.

First, aside from questions of immunity, several types of joint activities by U.K. airlines would be consistent with the U.S. antitrust laws. Those laws are flexible on the subject of joint ventures, particularly those operating in international commerce where risks may be greater, costs higher, and joint experience needed. Considerations of comity would also play an important role in the case of joint activities among U.K. airlines where U.K. laws and/or policies support the conduct in question. It is, of course, very difficult to state meaningful generalizations in this area, and assurances concerning unknown factual situations are impossible. Nevertheless, your government and airlines can take comfort from the fact that the application of U.S. antitrust laws to foreign joint ventures has been exceedingly limited, although such ventures are in fact common. Particularly when conducted among smaller airlines and new entrants, cooperative arrangements including shared terminal space, joint promotional efforts, aircraft leasing, blocked-space agreements, and consortia operations could well be structured with little antitrust risk. The Department of

Justice, through its Business Review Procedure, would be prepared to comment on any particular arrangements your airlines might wish to propose.

Second, under specified circumstances, foreign airlines may obtain explicit immunity from antitrust enforcement. Section 412(a) of the Federal Aviation Act ^[1] (as recently amended) provides that the Civil Aeronautics Board shall approve a contract or agreement filed by air carriers or foreign air carriers "that it does not find to be adverse to the public interest, or in violation of this Act." The Board may not approve a contract or agreement "which substantially reduces or eliminates competition" unless it finds that the contract or agreement "is necessary to meet a serious transportation need or to secure important public benefits including international comity or foreign policy considerations and it does not find that such need can be met or such benefits can be secured by reasonably available means having materially less anticompetitive effects." [Emphasis added.]

Section 414, in turn, provides for a grant of antitrust immunity to the extent necessary for persons to proceed with the contract or agreement so approved, where the Board finds that such exemption is required in the public interest, or whenever an agreement or contract which substantially reduces or eliminates competition, and is subject to the above-quoted finding, has nonetheless been approved. The Board staff, as well as independent counsel, would be in a position to provide more detailed information on the background of these provisions and the decisional law under them. The essential point is that U.S. law provides a clear procedural avenue for obtaining immunity for inter-airline agreements that meet certain standards. To the extent such an agreement involving U.K. cargo airlines would advance the shared interest stated above and is not unnecessarily anticompetitive, the case for approval and immunity would be substantial.

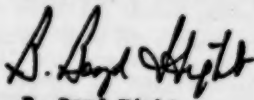
Most agreements among air carriers do not have substantial anticompetitive consequences, and therefore do not require an elaborate justification to be found consistent with the public interest. Others, such as agreements to set prices or allocate markets, are likely to have severe enough anticompetitive consequences to require a showing of considerable public benefit that cannot be obtained by less anticompetitive alternatives before they can be approved. While no one can bind the Board, or predict beyond doubt what it would do in an individual case (particularly given recent amendments to U.S. law), it is likely that the Board's

¹ 72 Stat. 770; 49 U.S.C. § 1382. [Footnote added by the Department of State.]

interest in securing and maintaining a more competitive US-UK cargo environment would be given considerable weight in its deliberations.

As you know, it is not possible under U.S. law to give assurances that the Civil Aeronautics Board (or a successor agency) will grant antitrust immunity for future agreements that may be filed with it. Nor can I give assurances that, under no circumstances, will an antitrust action be brought by either the government or a private party against future, unspecified conduct. Nor can I guarantee that United States law will not change over the coming years. I can assure you, however, that we share your desire that the U.K. all-cargo airlines benefit from and actively compete in the new deregulated regime for the US-UK market, and as a government the United States will be sympathetic to joint or cooperative activities among smaller U.K. airlines; that may be necessary to further that goal. We would also, as a government, be most interested in the views of your government in any administrative or judicial proceeding concerning such joint operations, and would give the fullest possible weight to those views. The United States would also, of course, honor its agreements with your government concerning notification and consultation concerning potential actions under the U.S. antitrust laws. Finally, on behalf of the Department of State, I assure you that we would provide whatever assistance possible to ensure that the views of your government are made known to any relevant agencies of the U.S. Government and are, under the principle of comity, given the most careful consideration.

Sincerely,



B. Boyd Hight
Deputy Assistant Secretary for
Transportation and Telecommunications



DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

Mr B Boyd Hight
Deputy Assistant Secretary for
Transportation and Telecommunications
Department of State
Washington D.C.

4 December 1980

Dear Mr Hight

I acknowledge your letter of today's date on the scope of US anti-trust laws and the assistance you are able to give in respect of the possible application of these laws to UK carriers. As you know, my Government does not accept the jurisdiction which the US claims in respect of these laws, nor their appropriateness in some circumstances to international air service operations.

2 You were unable in your letter to give firm assurances that the US Government and the CAB would exercise their powers and discretions in favour of UK airlines if the UK saw no objection to the arrangements proposed. It is only fair to advise you that if after consultation HMG indicates that it sees no objection to the arrangements proposed but nevertheless anti-trust action is brought against the UK airlines concerned then we might consider such action as a reason for seeking modification, and if necessary termination, of the cargo agreement as provided for in Part V of that Annex to the Agreement.

Yours sincerely

C W ROBERTS



DEPARTMENT OF STATE

Washington, D.C. 20520

December 4, 1980

Dear Mr. Roberts:

In the consultations which concluded 5 March 1980 the delegations representing the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland reached the following understandings:-

1. Opening of New Gateways

If either Contracting Party came to believe that the level of traffic in the US/UK market was significantly different from its expectations then it would be open for it to call for consultations as provided for in Article 16 of the Agreement in order to propose any changes that it may consider justified to the arrangements for opening up new gateways. The Contracting Parties expect that in any event they may wish to have consultations concerning new services on or before October 1983.

2. Passenger Charters

Since the Contracting Parties were unable to reach agreement on the passenger charter regime to replace the arrangements embodied in Annex 4 to the Agreement, which expired, under paragraph (6) of that Annex, on 31 March 1980, they decided that:-

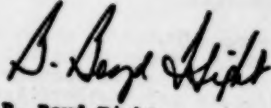
- (a) Annex 4 should not be replaced on its expiry;
- (b) each Contracting Party would thereafter continue to regulate charter traffic in a responsible manner and on a basis of comity and reciprocity; and
- (c) the two Contracting Parties would meet in due course when they had gained further

Mr. C.W. Roberts,
Under Secretary,
Civil Aviation International
Relations Division,
Department of Trade,
London.

experience of the way in which passenger charter operations were developing, to consider a new passenger charter regime.

I should be grateful for your confirmation that the above reflects accurately the understanding of your Government.

Sincerely,

A handwritten signature in dark ink, appearing to read "B. Boyd Hight". The signature is fluid and cursive, with the first name "B." and last name "Hight" clearly distinguishable.

B. Boyd Hight
Deputy Assistant Secretary for
Transportation and Telecommunications



DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

Mr B Boyd Hight
Deputy Assistant Secretary for
Transportation & Telecommunications
Department of State
Washington D.C.

4 December 1980

Dear Mr Hight

I have your letter of today's date on the subjects of opening of new gateways and passenger charters.

2 This is to confirm that your letter reflects accurately the understanding of my Government.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'C W Roberts'.

C W ROBERTS



DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

Mr B Boyd Hight
Deputy Assistant Secretary for
Transportation and Telecommunications
Department of State
Washington D.C.

4 December 1980

Dear Mr Hight

In the course of our negotiations concerning North Atlantic UK/US cargo operations which led to the conclusion of Annex 5 to the Air Services Agreement, which is provided for in the Exchange of Notes of today's date, I said that my Government would want to monitor carefully the progress towards the liberal regime and operation during that regime.

2 We would want to be satisfied that the large number of US operators and their greater financial and operational capability did not prevent UK airlines from being effective and successful competitors in the market. We expect to see our airlines maintaining an adequate presence in the market.

3 If my Government felt that the measures agreed had created a situation in which UK airlines were not operating in this way then we might wish to seek changes in Annex 5 by use of the modification procedure provided for in it.

Yours sincerely

C W ROBERTS

TIAS 10060



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TREATIES AND OTHER INTERNATIONAL ACTS SERIES 10060

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AGRICULTURAL COMMODITIES

Prod. 3-12-82

8239033

Agreement Between the
UNITED STATES OF AMERICA
and EGYPT

Signed at Cairo December 14, 1980

with

Agreed Minutes
Signed at Cairo December 10, 1980



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

"... the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

*For sale by the Superintendent of Documents, U.S. Government Printing Office,
Washington, D.C. 20402. Subscription Price: \$145 per year; \$181.25 for
foreign mailing. Single copies vary in price. This issue \$2.25.*

EGYPT

Agricultural Commodities

Agreement signed at Cairo December 14, 1980;

Entered into force December 14, 1980.

With agreed minutes

Signed at Cairo December 10, 1980.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE ARAB REPUBLIC OF
EGYPT FOR SALE OF AGRICULTURAL COMMODITIES UNDER
PUBLIC LAW 480 TITLE I PROGRAM

The Government of the United States of America and
the Government of the Arab Republic of Egypt have agreed
to the sales of agricultural commodities specified below.
This agreement shall consist of the preamble incorporating
by reference the preamble, Parts I and III, of the P.L. 480,
Title I Agreement of June 7, 1974,^[1] together with the follow-
ing Part II:

PART II - PARTICULAR PROVISIONS:

ITEM I. COMMODITY TABLE:

<u>Commodity</u>	<u>Supply Period</u> (U.S. Fiscal Year)	<u>Approximate Maximum Quantity</u> (Metric Tons)	<u>Maximum Export Market Value</u> (Million Dollars)
Wheat/Wheat Flour (Grain Equivalent Basis)	1981	1,000,000	210

ITEM II. PAYMENT TERMS (Convertible Local Currency Credit)

1. Initial Payment - Five (5) percent
2. Currency Use Payment - None
3. Number of Installment Payments - Thirty-one (31)
4. Amount of Each Installment Payment -
Approximately equal annual amounts.
5. Due Date of First Installment Payment -
Ten (10) years after date of last delivery
of commodities in each calendar year.
6. Initial Interest Rate - Two (2) percent
7. Continuing Interest Rate - Three (3) percent

¹ TIAS 7855; 25 UST 1245.

ITEM III. USUAL MARKETING TABLE:

<u>Commodity</u>	<u>Import Period</u> (U.S. Fiscal Year)	<u>Marketing Requirement</u> (Metric Tons)
Wheat/Wheat Flour (Grain Equivalent Basis)	1981	2,500,000

ITEM IV. EXPORT LIMITATIONS:

- A. The export limitation period shall be Fiscal Year 1981 or any subsequent fiscal year during which commodities financed under this agreement are being imported or utilized.
- B. For the purpose of Part I, Article III A4 of the Agreement, the commodities which may not be exported are: for wheat/wheat flour -- wheat, wheat flour, rolled wheat, semolina, farina or bulgur (or the same product under a different name).

ITEM V. SELF-HELP MEASURES:

- A. The government of the importing country agrees to undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Egypt agrees to undertake and provide adequate financial, technical and managerial resources for the implementation of the activities listed by major grouping below:

1. Agricultural Production

- a. Utilizing the results of the agricultural mechanization feasibility study, and other relevant information that may be available, undertake the formulation of a national agricultural mechanization policy which would encourage the development and application of appropriate technology including small farm machinery and tractors. This effort should include the training of mechanics and drivers and the establishment of a maintenance and spare parts system.
- b. Continue an assessment of agricultural sector investment levels with particular focus on investment level targets for improvement of presently cultivated agricultural lands, (including marginal productive lands) as well as projects for the development of new land. This includes, as part of this process, the study of alternative options for land use in those lands presently under cultivation such as use of improved

seeds, fertilizers or a change in cropping patterns/mix.

2. Agricultural Research and Extension

- a. Examine the organization and management of agricultural research as it relates to increased production through the extension process and to strengthen Egyptian agricultural research efforts as noted in the Memorandum of Understanding signed November 1979.^[1] The review will: (1) identify constraints for effectively managing the agricultural research system, (2) determine what linkages are needed to get research results tested and available to the individual farmer, and (3) develop procedures which provide the necessary services, create incentives, and demonstrate research results effectively to individual farmers.
- b. Carry out a program that would strengthen self-sufficient private sector agricultural organizations and encourage the use of improved technologies. Emphasis should initially be placed on training that includes an operational orientation towards the management and planning activities. Other important areas include training in the use of mass media and group level instructional

¹ Not printed.

procedures to disseminate information on the benefits of improved agricultural production, harvesting, transportation and marketing techniques.

3. Analyses for Policy Formulation and Agricultural and Rural Planning

- a. Analyze and develop a national plan for animal production.
- b. To continue review and analysis of pricing policies for agricultural inputs, (e.g., fertilizer, aid to agriculture, etc.) and outputs in order to provide a basis for possible changes in the system of output incentives and in the system for the allocation and the use of inputs.
- c. Build on existing analysis and continue review of subsidies on food items with a view toward effecting gradual rationalization of subsidies that will protect lower income groups from harmful price increases on basic food items.

ITEM VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO THE IMPORTING COUNTRY ARE TO BE USED:

- A. The proceeds accruing to the importing country from the sale of commodities financed under this agreement will be used for financing the self-help measures set forth in the Agreement and for the following development sector: (agriculture and rural development) in a

manner designed to increase the access of the poor in the recipient country to an adequate, nutritious, and stable food supply.

- B. In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

IN WITNESS WHEREOF, the respective representatives,
duly authorized for the purpose, have signed the present
agreement. DONE at Cairo, in duplicate, this 14th day
of December, 1980.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

By: Alfred L. Atherton, Jr.
Name: Alfred L. Atherton, Jr.
Title: American Ambassador

FOR THE GOVERNMENT OF THE
ARAB REPUBLIC OF EGYPT

By: A. A. Nough
Name: Ahmed Ahmed Nough
Title: Minister of Supply
and Home Trade

IN ACKNOWLEDGEMENT OF the foregoing agreement,
representatives of the implementing organizations have
subscribed their names.

By: A. Razzak
Name: Abdel Razzak Abdel Meguid
Title: Deputy Prime Minister for
Economic and Financial
Affairs and Minister of
Economy, Finance and
Planning

By: Mahmoud Mohamed Dawood
Name: Mahmoud Mohamed Dawood
Title: Minister of State for
Agriculture and Food
Security

AGREED MINUTES OF THE NEGOTIATION OF THE U.S. FISCAL YEAR 1981 AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT, UNDER THE PROVISIONS OF TITLE I, PUBLIC LAW 480,^[1] OF THE UNITED STATES OF AMERICA

1. Financial Terms. Part II, Item II of the proposed agreement, provides for \$210 million under convertible local currency credit terms of forty (40) years credit, including a ten (10) year grace period, with an interest rate of two (2) percent during the grace period and three (3) percent thereafter. The terms, which provide for an initial payment of five (5) percent and no currency use payment, are the same as in the previous year's agreement (FY 80).
2. Commodity Composition. The proposed commodity composition, as shown in Part II, Item I, provides for 1.0 million metric tons of wheat and wheat flour on a grain equivalent basis having an export market value of \$210 million. It is anticipated that the GOE will purchase one-third of the quantity (on a grain equivalent basis) as wheat flour. For the purposes of constructing the proposed agreement, flour is priced at \$285 per metric ton (flour basis, 75 percent extraction) and wheat at \$209 per metric ton.

¹ 68 Stat. 455; 7 U.S.C. § 1701 *et seq.*

It was pointed out that Article I (E) of Part I of the Agreement provides that the export market value specified in Part II may not be exceeded. This means that if commodity prices increase over those used in determining the market values covered in Part II of the Agreement, the quantity set forth in Part II may not be reached. Should commodity prices decrease, however, the quantities of commodities to be financed will be limited to those specified in Part II.

It was emphasized that there is a need to procure and ship during the cool season to minimize difficulties during ocean shipment.

3. Usual Marketing Requirements (UMR's). Part II, Item III of the draft Title I program provides for a usual marketing requirement (UMR) of 2.5 million metric tons of wheat/wheat flour (grain equivalent basis), during fiscal year 1981. This UMR level was established by the European Community in July 1980. The U.S. team noted that the wheat/wheat flour UMR is reviewed each year by supplier countries to determine appropriateness. For example, the five-year average for FY 1981 would have required a higher UMR of 3.0 million metric tons.

It was emphasized by the U.S. team that Egypt is expected to continue to maintain commercial imports from the United States and third countries above the UMR level of 2.5 million metric tons. Section 103 (O) of the PL 480 legislation requires that U.S. trade be provided the opportunity to compete for any increase in purchases of wheat and wheat flour during the coming year.

The U.S. team reminded GOE officials that after the U.S. Department of Agriculture issues the purchase authorization, and as soon as commodities are purchased and vessels booked, the GOE should promptly open letters of credit for both commodities and freight, taking into account considerations covered in the Title I agreement signed November 8, 1978^[1] and as outlined in paragraph 7 below.

4. Self Help Measures and Use of Proceeds. Section 109 (A) of PL 480 requires that, before entering into agreements for the sale of commodities, consideration be given to the extent to which the recipient is undertaking self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities and take into particular account the extent to which they are being carried out in ways designed to contribute

¹ TIAS 9230, 9437; 30 UST 966, 3974.

directly to development progress in poor rural areas and to enable the poor to participate actively in increasing agricultural production through small farm agriculture.

Part II, Item V specifies the self-help measures to be carried out by the recipient country utilizing the local currencies accruing to the recipient country from the sale of agricultural commodities financed under the agreement.

Section 106 (B) provides that in negotiating agreements emphasis shall be placed on the use of such proceeds for purposes which directly improve the lives of the poorest of the recipient countries. Greatest emphasis is required to be placed on the use of such proceeds to carry out programs of agricultural development, rural development, nutritional and population planning.

5. Operational Considerations. The U.S. team noted that the International Development and Food Assistance Act, effective October 1, 1977,^[1] the Food and Agriculture Act of 1977^[2] and amendments to Title I, PL 480 financing regulations contain certain provisions affecting the development, implementation, and operation of PL 480 program as follows:

¹ 91 Stat. 533; 22 U.S.C. § 2151 note.

² 91 Stat. 913; 7 U.S.C. 1281 note.

Pursuant to these legislative and regulatory requirements:

- (a) Purchase authorizations will be issued under the agreement only after the Secretary of Agriculture has determined that (1) adequate storage facilities are available in the recipient country at the time of export so as to prevent spoilage or waste of the commodity, and (2) the distribution of the commodity in the recipient country will not result in a substantial disincentive to or interference with domestic production and marketing in Egypt.
- (b) Purchases of food commodities under the agreement must be made on the basis of invitations for bid (IFB) publicly advertised in the United States and on the basis of bid offerings which must conform to the IFB. Bid offerings must be received and publicly opened in the United States. All awards under IFB's must be consistent with open, competitive and responsive bid procedures.
- (c) The terms of all IFB's (including IFB's for

ocean freight) must be approved by the General Sales Manager, USDA, prior to issuance.

- (d) Commissions, fees or other payments to any selling agent are prohibited in any purchase of food commodities under the agreement.
- (e) If the Government of Egypt nominates a purchasing agent and/or shipping agent to procure commodities or arrange ocean transportation under the agreement, the GOE must notify the General Sales Manager/USDA in writing of such nomination and provide along with the notification a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the General Sales Manager's office in accordance with new regulatory standards designed to eliminate certain potential conflicts of interest.

6. Instructions and Authority. During the negotiations, the Egyptian team gave assurances that arrangements have been made to relay to its Washington Embassy all instructions, information, and authority necessary to enable timely implementation of the agreement, including:

- a) Commodity specifications;
- b) Contracting and delivery periods;
- c) Names and addresses of U.S. and foreign banks handling transactions (letters of credit for commodity and freight);
- d) Authority to request and sign purchase authorizations and other necessary documents;
- e) Complete instructions/information/authority regarding arrangements for purchasing commodities and contracting for freight (including the appointment of purchasing and/or shipping agents if applicable); and
- f) Instructions to contract the Program Operations Division, Office of the General Sales Manager, USDA, regarding the foregoing.

7. Letters of Credit. The U.S. team informed GOE officials that commodity suppliers are refusing to load vessels when acceptable letters of credit for both commodity and freight are not available at time of loading at the U.S. port. This has resulted in costly claims by vessel owners for demurrage and/or detention claims and carrying charges by commodity suppliers.

Delays in opening letters of credit and settlement of the final 10 percent of freight will also result in higher commodity prices and higher freight rates.

GOE officials assured the U.S. team that appropriate measures will be taken to ensure that operable letters of credit for both commodity and freight will be opened, and confirmed by designated U.S. banks immediately after contracting under each purchase authorization is concluded, and before vessels arrive at leading ports.

With particular regard to ocean freight, GOE representatives were advised that letters of credit for 100 percent of the ocean freight charges must be opened in favor of the supplier of the ocean transportation prior to the vessel's presentation for loading.

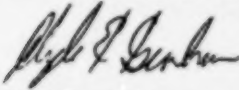
8. Priority Berthing and Unloading. It was noted that ocean carriers of PL 480 cargoes of food and agricultural commodities continue to face extreme difficulties in getting priority berthing and unloading at the port of Alexandria. The Egyptian officials reaffirmed that the GOE would guarantee priority berthing and discharge at all Egyptian ports for U.S. flag vessels carrying U.S. agricultural commodities under the PL 480 program.

9. Reporting Requirements. GASC representatives declared they were well aware of their responsibilities for submission of timely reports on compliance, arrival and shipping information (ADP sheets), self help and use of sales proceeds, as required under the provisions of the agreement.
10. Identification and Publicity. GOE representatives were reminded that Part I, Article III (1) of the Title I Agreement provides that the government of the importing country shall undertake such measures as may be mutually agreed prior to their delivery, for identification and publicity of commodities to be received. This is as provided for in Section 103 (1) of PL 480.
11. Annex A.^[1] A letter dated December 8, 1980 from the U.S. Chief of Mission to Egypt, Alfred L. Atherton, Jr. to His Excellency, Ahmed Ahmed Nouh, Minister of Supply and Home Trade, was reviewed and is made part of these minutes.
12. Annex B.^[1] A draft of the proposed agreement was reviewed and is made part of these minutes.

¹ Not printed.

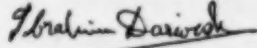
DONE IN CAIRO THIS 10TH DAY OF DECEMBER, 1980

Representing the Government of
The United States of America:



Clyde E. Gumbmann
Acting Agricultural Attache
American Embassy
S, Sharia Latin America
Garden City
Cairo

Representing the Government of
The Arab Republic of Egypt:



10-12-1980

Ibrahim Darwish
Deputy Chairman, General
Authority for Supply
Commodities
Ministry of Supply
24, Gomhouria Street
Cairo





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AGRICULTURAL COMMODITIES

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Agreement Between the
UNITED STATES OF AMERICA
and INDONESIA ml

Signed at Jakarta December 2, 1980

with

Agreed Minutes

Signed at Jakarta December 3, 1980

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Stairs is Down.

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

"... the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

*For sale by the Superintendent of Documents, U.S. Government Printing Office,
Washington, D.C. 20402. Subscription Price: \$145 per year; \$181.25 for
foreign mailing. Single copies vary in price. This issue \$2.25.*

INDONESIA

Agricultural Commodities

Agreement signed at Jakarta December 2, 1980;

Entered into force December 2, 1980.

With agreed minutes

Signed at Jakarta December 3, 1980.

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA
FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of Indonesia.

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Republic of Indonesia (hereinafter referred to as the importing country) and with other friendly countries in a manner that will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Taking into account the importance to developing countries of their efforts to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

Recognizing the policy of the exporting country to use its agricultural productivity to combat hunger and malnutrition in the developing countries, to encourage these countries to improve their own agricultural production, and to assist them in their economic development;

Recognizing the determination of the importing country to improve its own production, storage, and distribution of agricultural food products, including the reduction of waste in all stages of food handling;

Desiring to set forth the understandings that will govern the sales of agricultural commodities to the importing country pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended¹ (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

Have agreed as follows:

¹ 68 Stat. 455; 7 U.S.C. § 1701 *et seq.*

PART I - GENERAL PROVISIONS

ARTICLE I

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this agreement.

B. The financing of the agricultural commodities listed in Part II of this agreement will be subject to:

1. the issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country; and
2. the availability of the specified commodities at the time of exportation.

C. Application for purchase authorizations will be made within 90 days after the effective date of this agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this agreement shall be made within the supply periods specified in the commodity table in Part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this agreement shall not exceed the maximum export market value specified for that commodity and type of financing in Part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in Part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no obligation to reimburse the Government of the exporting country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. The financing, sale, and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale, or delivery is unnecessary or undesirable.

ARTICLE II

A. Initial Payment

The Government of the importing country shall pay, or cause to be paid, such initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that portion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in Part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. Currency Use Payment

The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this agreement, or the end of the supply period, whichever is later, such payment as may be specified in Part II of this agreement pursuant to Section 103(h) of the Act (hereinafter referred to as the Currency Use Payment). The currency use payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for currency use payment in Part II. Payment shall be made in accordance with paragraph H and for purposes specified in Subsection 104(a), (b), (e) and (h) of the Act, as set forth in Part II of this agreement. Such payment shall be credited against (a) the amount of each year's interest payment due during the period prior to the due date of the first installment payment, starting with the first year, plus (b) the combined payments of principal and interest starting with the first installment payment, until the value of the currency use payment has been offset. Unless otherwise specified in Part II, no request for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation of the exporting country under this agreement.

C. Type of Financing

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein. Special provisions relating to the sale are also set forth in Part II.

D. Credit Provisions

1. With respect to commodities delivered in each calendar year under this agreement, the principal of the credit (hereinafter referred to as principal) will consist of the dollar amount disbursed by the Government of the exporting country for commodities (not including any ocean transportation costs) less any portion of the initial payment payable to the Government of the exporting country.

The principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

2. Interest on the unpaid balance of the principal due the Government of the exporting country for the commodities delivered in each calendar year shall be paid as follows:

- a. In the case of Dollar Credit, interest shall begin to accrue on the date of last delivery of these commodities in each calendar year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery and thereafter payment of interest shall be made annually and not later than the due date of each installment payment of principal.
- b. In the case of Convertible Local Currency Credit, interest shall begin to accrue on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in each calendar year, except that if the installment payments for these commodities are not due on same anniversary of such date of last delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the dates of the subsequent installment payments.

3. For the period of time from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

E. Deposit of Payments

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the currencies, amounts, and at the exchange rates provided for in this agreement as follows:

1. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, DC 20250, unless another method of payment is agreed upon by the two governments.

2. Payments in the local currency of the importing country (hereinafter referred to as local currency), shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.

F. Sales Proceeds

The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this agreement, to be applied to the economic development purposes set forth in Part II of the agreement, shall be not less than the local currency equivalent of the dollar disbursement of the Government of the exporting country in connection with financing of the commodities (other than the ocean freight differential), provided, however, that the sales proceeds to be so applied shall be reduced by the currency use payment, if any, made by the Government of the importing country. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government of the importing country to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish in accordance with its fiscal year budget reporting procedure, at such times as may be requested by the Government of the exporting country but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the Government of the importing country, and in case of expenditures the budget sector in which they were used.

G. Computations

The computation of the initial payment, currency use payment and all payments of principal and interest under this agreement shall be made in United States dollars.

H. Payments

All payments shall be in United States dollars or, if the the Government of the exporting country so elects,

1. The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations or, in the case of currency use payments, used for the purposes set forth in Part II of this agreement; or

2. The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations or, in the case of currency use payments, used for the purposes set forth in Part II of this agreement in the importing country.

ARTICLE III

A. World Trade

The two Governments shall take maximum precautions to assure that sales of agricultural commodities pursuant to this agreement will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with countries the Government of the exporting country considers to be friendly to it (referred to in the agreement as friendly countries). In implementing this provision the Government of the importing country shall;

1. Insure that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantities of agricultural commodities as may be specified in the usual marketing table set forth in Part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this agreement are being delivered. The imports of commodities to satisfy these usual marketing requirement for each import period shall be in addition to purchases financed under this agreement.

2. Take steps to assure that the exporting country obtains a fair share of any increase in commercial purchases of agricultural commodities by the importing country.

3. Take all possible measures to prevent the resale, diversion in transit, or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, diversion in transit, transshipment of use is specifically approved by the Government of the United States of America).

4. Take all possible measures to prevent the export of any commodity of either domestic or foreign origin, which is defined in Part II of this agreement, during the export limitation period specified in the export limitation table in Part II (except as may be specified in Part II or where such export is otherwise specifically approved by the Government of the United States of America).

B. Private Trade

In carrying out the provisions of this agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

C. Self-Help

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

D. Reporting

In addition to any other reports agreed upon by the two Governments, the Government of the importing country shall furnish at least quarterly for the supply period specified in Part II, Item I of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized.

1. The following information in connection with each shipment of commodities under the agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; and the condition in which received.

2. A statement by it showing the progress made toward fulfilling the usual marketing requirements.

3. A statement of the measures it has taken to implement the provisions of Sections A 2 and 3 of this Article; and

4. Statistical data on imports by country of origin and exports by country of destination, of commodities which are the same or like those imported under the agreement.

E. Procedures for Reconciliation and Adjustment of Accounts

The two Governments shall each establish appropriate procedures to facilitate the reconciliation of their respective records on the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

F. Definitions

For the purposes of this agreement:

1. Delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier;

2. Import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country; and

3. Utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country or otherwise distributed to the consumer within the country.

G. Applicable Exchange Rate

For the purposes of this agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate in effect on the date of payment by the importing country which is not less favorable to the Government of the exporting country than the highest exchange rate legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest exchange rate obtainable by any other nation. With respect to local currency:

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agents, sells foreign exchange for local currency.

2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirement of the first sentence of this section 6.

H. Consultation

The two Governments shall, upon request of either of them, consult regarding any matter arising under this agreement, including the operation of arrangements carried out pursuant to this agreement.

I. Identification and Publicity

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity in the same manner as provided for in Subsection 103(1) of the Act.

PART II - PARTICULAR PROVISIONS**Item I. Commodity Table:**

<u>Commodity</u>	<u>Supply Period (United States Fiscal Year)</u>	<u>Approximate Maximum Quantity (Metric tons and Bales</u>	<u>Maximum Export Market Value (Millions)</u>
Wheat/Wheat Flour (grain equivalent basis)	1981	50,000	\$10.00
Rice	1981	86,000	\$40.00
Total			\$50.00

Item II. Payment Terms: Convertible Local Currency Credit (CLCC)

- (1) Initial Payment - ten (10) percent.
- (2) Currency Use Payment - ten (10) percent for section 104 (A) purposes.
- (3) Number of installment payments - twenty-eight (28)
- (4) Amount of each installment payment - approximately equal annual amounts.
- (5) Due date of the first installment payment - eight (8) years after the date of the last delivery of commodities in each calendar year.
- (6) Initial interest rate - two (2) percent.
- (7) Continuing interest rate - three (3) percent.

Item III. Usual Marketing Table:

<u>Commodity</u>	<u>Import Period (United States Fiscal Year)</u>	<u>Usual Marketing Requirement (Metric Tons)</u>
Wheat/Wheat Flour (grain equivalent basis)	1981	800,000
Rice	1981	865,000

Item IV. Export Limitation

(A) Export Limitation Period:

The export limitation period shall be the United States fiscal year 1981 or any subsequent U.S. fiscal year in which commodities financed under this agreement are being imported or utilized.

(B) Commodities to which Export Limitation Apply:

For the purposes of PART I, ARTICLE III A (4) of this agreement the commodities which may not be exported are: for wheat/wheat flour - wheat/wheat flour, rolled wheat, semolina, farina and bulgur (or same products under a different name) and for rice - rice in the form of paddy, brown or milled.

Item V. Self-Help Measures:

The Government of the Republic of Indonesia agrees to undertake self-help measures to improve the production, storage and distribution of agricultural commodities. The following self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

(A) Continue efforts to achieve progress in agricultural production through:

(1) Agricultural Research oriented towards:

- (a) Improving tillage, irrigation and water use practices;
- (b) Use and production of improved seeds
- (c) Better use of fertilizers, insecticides and herbicides;
- (d) Increasing profitability and production of corn and legumes, especially in multiple cropping programs; and
- (e) Improving rice threshing techniques to minimize losses in the quality of threshed grain.

(2) Making agricultural inputs more readily available to the smallholders by:

- (a) Increasing the production, and improving the distribution of improved seed varieties;
- (b) Increasing the supply, and improving the distribution of fertilizers, insecticides and herbicides; and
- (c) Increasing the amount of credit available to smallholders so that they can have access to the capital required to adopt the improved cultural practices developed in the research program mentioned above.

(3) Providing financial support to the extension service so that it can better assist the smallholders adopt the improved cultural practices outlined above.

(4) Promoting additional production of secondary crops, such as corn and legumes, especially in a multiple cropping program.

(5) Providing training in agricultural education at the secondary and university levels with special emphasis on extension.

(6) Investing in the following activities:

- (a) Irrigation infrastructure; and
- (b) Operation and maintenance of irrigation systems and facilities.

(7) Improvement of the marketing system and stabilization programs by:

- (a) Improving government procurement procedures for the incentive stabilization programs; and
- (b) Improve and expand facilities for handling and storage of grains and legumes.

Item VI. Economic Development purposes for which proceeds accruing to the importing Country are to be used:

(A) The proceeds accruing to the importing country from the sale of commodities financed under this agreement will be used for financing the self-help measures set forth in the agreement, and for the following development sector: (Agricultural and Rural Development) in a manner designed to increase the access of the poor in the recipient country to an adequate, nutritious and stable food supply.

PART III - FINAL PROVISIONS

A. This agreement may be terminated by either Government by notice of termination to the other Government for any reason, and the Government of the exporting country if it should determine that the self-help program described in the agreement is not being adequately developed. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

This agreement shall enter into force upon signature.

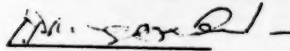
B. IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

Done at Jakarta, Indonesia, in duplicate, this 2nd day of December 1980.

REPUBLIC OF INDONESIA

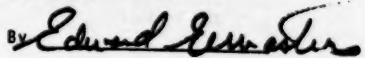
UNITED STATES OF AMERICA

By



M. Panggabean
Minister for
Foreign Affairs
ad interim

By



Edward E. Masters
Ambassador

ACREED MINUTES

The following minutes of negotiations of the FY 1980/81 PL-480, Title I Agreement of December 2, 1980 are agreed upon by the representatives of the signatory Governments:

1. The representatives of the Government of Indonesia understand that the Preamble and Parts I and III are standard and applicable to all Title I PL-480 Agreements.

2. The attention of the representatives of the Government of Indonesia has been called to the provisions of Part II, specifically to the time period restrictions and quantities of rice and wheat required to be purchased commercially against the Usual Marketing Requirement (UMR) with its own resources.

3. In addition to the delivery limitations and UMR purchases noted in the preceding minutes, the representatives of the Government of Indonesia understand that:

- a. shipments of commodities from the U.S. must be completed by September 30, 1981, since the financing for the Agreement will come from the United States FY 1981 budget. It is understood that commodity suppliers and vessel owners may not release commodities or allow loading of vessels until correct letters of credit are opened and that late or improperly opened letters of credit can seriously delay export of commodities. It is understood further that delayed opening of letters of credit could result in commodity suppliers canceling sales and ocean transportation suppliers canceling space;
- b. all tendering for rice and wheat under the Agreement must be done by invitations for competitive bids conducted in the United States with public opening of bids and that awards shall be made on the basis of the lowest FAS vessel or FOB vessel bid price for the commodity responsive to tender terms. It is understood further that freight tenders must also be conducted in the U.S. with public opening of bids, however, charterer retains right to negotiate;
- c. purchase authorization issued under the Agreement will contain requirements that invitations for bids for both commodity and freight must be submitted to the Office of General Sales Manager, U.S. Department of Agriculture, Washington, DC, for review and approval prior to their release to prospective bidders.

- d. imports from USSR, People's Republic of China, Eastern Europe (except Poland and Yugoslavia), Cuba, Socialist Republic of Vietnam and North Korea, commodities imported under PL-480, or grants received from the United States or other sources cannot be counted toward the UMR.
4. The representatives of the Government of Indonesia understand that in case the unit prices become higher than those projected in valuing the Agreement, purchases will be limited to the dollar value specified in the Agreement. This is in accordance with Article I E, Part I of the Agreement.
5. The representatives of the Government of Indonesia understand that additional purchases of these and other U.S. commodities may be available to Indonesian buyers through the CCC All Risk Assurance Program, GSM-102 under which the U.S. Government assures certain sales of U.S. agricultural commodities against all risks. This source of financing may be used to satisfy the UMR. It is understood further that other eligible commodities not included under the Agreement may be requested also for such U.S. Government financing assurance.
6. The Government of Indonesia will take effective steps to reduce losses connected with the handling and storage of PL-480 commodities; will enforce strict accountability for the commodities until they are in the hands of the private trade; and, in case of damage or loss attributable to the ocean carrier, will make and vigorously follow up claims for reimbursement for such damage or loss.
7. The Government of Indonesia understands that if it engages the services of a U.S. person or firm as its agent to handle the procurement of a commodity and/or ocean transportation, such agent must be approved by the United States Department of Agriculture. A copy of the written agreement between the Government of Indonesia and the U.S. agent must be submitted to the United States Department of Agriculture for prior approval to the issuance of the applicable purchase authorization.
8. The representatives of the Government of Indonesia have been informed that legislation affecting Section 106 (B) and 109 (A) of PL-480 requires: (1) specific emphasis on implementation of self-help measures so as to contribute directly to development progress in poor rural areas and to enable the poor to participate actively in increasing agricultural production through small farm agriculture and (2) use of proceeds for purposes which directly improve the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country. These requirements are specifically noted in Items V and VI, B, Part II of the Agreement.

9. The representatives of the Government of Indonesia understand that certain reports are required in connection with the Agreement, on the arrival and disposition of the commodities, permissible exports, the use of sales proceeds, progress in agricultural self-help and the allocation of rupiahs generated by the Agreement. The representatives of the Government of Indonesia will make appropriate arrangements to:

- a. furnish the Embassy of the United States of America a report by the fifteenth of January, April, July and October under provisions contained in Article III, D, Part I, of the Agreement.
- b. return completed "shipping and arrival information" (ADP Sheets) with appropriate notations certifying receipt of all commodities as soon as possible, but not later than 30 days from the date of unloading or 30 days from the receipt of the ADP Sheets, whichever is later.
- c. furnish the Embassy of the United States of America a report of the receipt and expenditures of the proceeds accruing from the sale of commodities financed under the Agreement. This is in accordance with Article II, F, Part I of the Agreement.
- d. submit an annual report on progress of agricultural self-help by November 15, containing the best possible description, both quantitative and qualitative, of current and previous GOI fiscal year self-help activities. It was also agreed that this report should cover future self-help plans and funding directly or by cross reference to other planning documents. The representatives of the Government of Indonesia agree further to hold periodic self-help meetings with appropriate representatives of the United States Government in an effort to increase the impact of the self-help measures on agricultural production and maintain the quality and responsiveness of self-help reporting.

10. In compliance with the provisions of Article III, Part I of the Agreement, the Government of Indonesia agrees to give publicity to the provisions of the Agreement by issuing suitable press releases at the time of signing and at the time of issuance of each purchase authorization applied for under the Agreement.

11. Other Agreement provisions discussed by representatives of the two Governments in some detail included commodity deliveries, payment terms and issuance of purchase authorization by U.S. Department of Agriculture. It was agreed that Government of Indonesia representatives will furnish the necessary operational reporting information incident to issuance of purchase authorization as promptly as possible after Agreement is reached between the two countries to the quantities and values involved in any Agreement or Amendment.

DONE at Jakarta on this 3rd day of December 1980.

UNITED STATES OF AMERICA

Alan W. Trick ^[1]



REPUBLIC OF INDONESIA

Bustanil Arifin ^[2]

¹ Alan W. Trick.
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